

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **March 23, 2004, Work Session**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Determination of the Tax Rates to Advertise in the FY 2005 Budget Ad**

RECOMMENDATION: Provide direction regarding the tax rates to advertise in the advertisement for the FY 2005 Budget public hearing.

SUMMARY: The *Proposed FY 2005 Budget* includes a number of tax increases that need to be advertised for public hearing concurrently with the ad for the proposed budget. The advertised tax rates will set a ceiling above which Council will be unable to set rates without an additional public hearing. Although the proposed budget is balanced, the tax increases that are called for to produce the necessary revenues may not be acceptable to Council. I recommend, however, that you allow the advertisement of tax rates at a level to give you the flexibility to craft a spending plan that reflects Council's priorities, not the City Manager's. For example, you might not be willing to consider an increase in the Real Property Tax rate to the level in the proposed budget, but you might be willing to consider a higher Personal Property Tax rate instead if you decide that the additional revenues are necessary. The attached spreadsheet, provides information on those taxes for which Council could direct different rates be advertised than those included in the proposed budget. Council is not obligated to adopt any rate that is advertised; while it cannot adopt a higher rate, it can certainly adopt a lower rate.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

CONTACT(S): Kimball Payne

ATTACHMENT(S): Tax Rate Scenarios

REVIEWED BY: lkp

<b>Tax Rate Scenarios</b>								
<b>3/18/2004</b>								
<b><u>Personal Property: (vehicle only, not business personal property or machinery &amp; tools)</u></b>								
<i>Note: Any increase in the Personal Property tax will not be reimbursed by the State.</i>								
	<b>Current Rate</b>	<b>\$.01 Increase</b>	<b>\$.15 Increase</b>	<b>\$.20 Increase</b>	<b>\$.30 Increase</b>	<b>\$.50 Increase</b>	<b>\$.70 Increase</b>	<b>\$1.00 Increase</b>
	\$ 3.30	\$ 3.31	\$ 3.45	\$ 3.50	\$ 3.60	\$ 3.80	\$ 4.00	\$ 4.30
<b>Projected Revenue</b>	\$ 16,206,663	\$ 16,235,297	\$ 16,637,039	\$ 16,779,343	\$ 17,065,683	\$ 17,638,363	\$ 18,211,043	\$ 19,070,063
<b>Projected Increase</b>		\$ 28,634	\$ 430,376	\$ 572,680	\$ 859,020	\$ 1,431,700	\$ 2,004,380	\$ 2,863,400
<b><u>Meals Tax</u></b>								
	<b>Current Rate</b>	<b>.5% Increase</b>	<b>1.0% Increase</b>	<b>2.0% Increase</b>				
	6.0%	6.5%	7.0%	8.0%				
<b>Projected Revenue</b>	\$ 7,520,637	\$ 8,147,357	\$ 8,774,077	\$ 10,027,517				
<b>Projected Increase</b>		\$ 626,720	\$ 1,253,440	\$ 2,506,880				
<b><u>Real Estate Tax</u></b>								
	<b>Current Rate</b>	<b>\$.01 Increase</b>	<b>\$.03 Increase</b>	<b>\$.07 Increase</b>	<b>\$.09 Increase</b>	<b>\$.10 Increase</b>		
	\$1.11/\$100	\$1.12/\$100	\$1.14/\$100	\$1.18/\$100	\$1.20/\$100	\$1.21//\$100		
<b>Projected Revenue</b>	\$ 33,612,332	\$ 33,927,832	\$ 34,558,832	\$ 35,820,832	\$ 36,451,832	\$ 36,767,332		
<b>Projected Increase</b>		\$ 315,500	\$ 946,500	\$ 2,208,500	\$ 2,839,500	\$ 3,155,000		
<b><u>Amusement Tax</u></b>								
	<b>Current Rate</b>							
	<b>5.0%</b>	<b>1.0% Increase</b>	<b>2.0% Increase</b>	<b>3.0 % Increase</b>	<b>4.0% Increase</b>	<b>5.0% Increase</b>		
<b>Projected Revenue</b>	\$ 280,000	\$ 336,000	\$ 392,000	\$ 448,000	\$ 504,000	\$ 560,000		
<b>Projected Increase</b>		\$ 56,000	\$ 112,000	\$ 168,000	\$ 224,000	\$ 280,000		
<b><u>Transient Occupancy Tax</u></b>								
	<b>Current Rate</b>	<b>2.0% Increase</b>	<b>4.5% Increase</b>					
	5.5%+\$1.00/room night	7.5%+\$1.00/room night	10%+\$1.00/room night					
<b>Projected Revenue</b>	\$ 1,270,000	\$ 1,625,600	\$ 2,070,099					
<b>Projected Increase</b>		\$ 355,600	\$ 800,099					